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Remarks prepared for delivery by Secretary of Agriculture John R. Block before the American Agricultural Editors Association, Washington, D.C., March 23, 1981

Bill Fleming, thank you very much for inviting me to join you today.

I'm particularly pleased to have this chance to talk with you because I think that our jobs are remarkably similar. In fact, I think that neither of us can get much done without the other.

I spend a large part of my time communicating. When I meet with the President and other Cabinet members at least once a week, I communicate farmers' problems as I see them. I try to interpret farmers' interests in a national context so that their contributions to the national economy will be balanced against their battle with inflation.

I discuss the impact of current economic conditions on expenses and net returns in agriculture. Farm income, for example, was down in 1980 from 1979 to an estimated \$23-\$25 billion. USDA projects that farm income will increase to about \$28-\$32 billion in 1981. This is still below the 1979 level.

I talk about inflationary production costs and how they'll increase about 10-12 percent for all of agriculture this year. The energy shortage, for example, has boosted the cash outlay needed to meet farmers' fuel requirements. Agricultural energy in 1980 represented more than 7 percent of all agricultural production expenses, compared to 5 percent in 1973.

While I discuss the state of the agricultural economy, and the effects of the inflationary squeeze on farmers' production costs and profit, the President takes up the same issue on a national scale.

He's said that we've just had two years of back-to-back double digit inflation--13.3 percent in 1979, and 12.4 percent last year. The last time this happened was in World War I.

The federal budget, the President has said, is out of control. We face runaway deficits, of almost \$80 billion for this budget year that ends September 30. That deficit is larger than the entire federal budget

in 1957.

Severe budget cutbacks are made urgent by government costs that soared by $100 billion last year. Therefore, the President has said, agricultural programs will be reviewed along with all other federal programs. Agriculture won't be singled out for cutbacks. But it won't be spared, either.

At this point the real communicating begins.

At issue is: how do we figure agricultural programs into the attack on inflation while still maintaining what's best in those programs for the good of agriculture and the national economy?

The immediate forum for this discussion, of course, is the upcoming Farm Bill.

The USDA budget decisions that I've made to date are based both on inflation considerations and on this administration's commitment to free enterprise.

I can't, for example, reconcile the target price concept with my conviction that the marketplace functions best without artificial supports. Target prices are direct outlays from the federal treasury and I'm arguing to eliminate them from the 1981 bill.

Because loan programs, on the other hand, are repaid, I support a modest increase in the wheat and feed grain price support loan rates.

In much the same way, this administration's position against the April 1 adjustment in dairy price support levels reflects the same budget realities. It reflects basic economics that demand that this administration respond to the overriding national interest and to the hard facts of supply and demand.

Net benefits to the national good are also behind our communication and thinking processes on matters of agricultural exports and research.

U.S. agriculture should contribute an all-time high of $29 billion to the national balance of payments this year. This trade buys us imported goods and generates millions of jobs, on the farm and throughout the economy. For these reasons, programs that expand commercial exports will get relatively favorable treatment in the budget review.

With increasing farm exports, greater world demand, and a stronger national economy, we'll need to produce more in this decade. But productivity depends on research and that depends on money. A

reasonable investment in research dollars will pay off in production, greater domestic supplies and increased international sales.

Those are the facts of the USDA budget as they exist to date. And newspapers convey these straight, dollars-and-cents facts to readers. But you, the farm journals and magazines, are our first line of communication with farmers.

The great difference, as I see it, between the agricultural press and the newspapers is the length of your news lives.

I lay out the facts in a budget or press briefing. Newspapers, with a news life of about one day, pick up these facts and lay them out for readers. That's their job.

But we count on the agriculture magazines to flesh out those facts with interpretation. We count on you, with a news life of about a month, to do some analyzing for readers, to explain the thinking and reasoning behind Washington decisions. And we look to you for opinion--whether you think us right or wrong.

In short, I personally count on you to finish the communication process that begins when I meet with the President on agricultural matters.

The way I see it, our jobs are remarkably alike--we're just at two different points on a complicated and vital chain of information. You need the basic information from my department as much as I need you to pass it on, with reason and reflection, to the public.

In a sense, you complete the job that's begun at the Cabinet level.

We're both communicators--and I look forward to several years of open and honest communication with you. Thank you.

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Remarks prepared for delivery by Secretary of Agriculture John R. Block before the Joint Annual Stockholders Meeting of the Farm Credit Banks of St. Louis, St. Louis, Missouri, March 26, 1981

You've heard people speak of this nation's agrarian roots. Well, it's good to come back home today to my fiscal roots.

I've had many a successful personal experience with the Federal Land Bank of St. Louis. And I think I understand as well as anyone where the Farm Credit System is coming from--over six decades of mostly farmer-owned cooperative financing that succeeds by meeting the increasingly complex credit needs of its borrowers.

Because of my position in the Reagan Administration, I've also got a pretty good understanding of the national economic picture and where it's heading.

What I'd like to do this afternoon is tie the two together: What's the outlook for agricultural lending in terms of inflation, the national economy, and the administration's budget directives?

Only 20 years ago, the Farm Credit System had $4.4 billion in outstanding loans. Today it has about $64 billion in loans, including 30 percent of the credit used by farmers and about 60 percent of the financing needed by farmer cooperatives.

That dollar increase doesn't just mean more financial involvement in farmers' operations. It means the kind of solidity and capability that's kept the System responsive to a changing and demanding agricultural economy.

I can tell you right now that those demands won't let up in the near future. Double-digit inflation obliges this administration to approach farm programs in terms of net benefits to the entire economy. The resulting budget will affect the Farm Credit System both in terms of policy and dollars-and-cents.

The absolute priority of this administration is to control inflation. Toward that end, we're cutting back government costs that soared by $100 billion last year. We're looking to competitive market forces and capital investment to stimulate productivity and encourage greater efficiency.

Certain agriculture programs are getting a favorable budget review in this environment. I consider research, for example, the seed of agricultural productivity. Programs that expand commercial exports make an important contribution to the national balance of payments.

This same market-oriented setting will mean that farmers won't be able to depend on government-assisted credit programs to the extent they have in recent years.

Let me assure you that USDA's concern that American producers have adequate financing resources is as strong as ever. We share that concern with you. Our intent in today's inflationary climate is to reassert USDA's proper role as a governmental lender. That role is to support the leadership of the Farm Credit System and to supplement the resources of other institutions and the private sector.

USDA extends most supplementary farm credit through the Farmers Home Administration.

Largely because of increased Disaster Emergency lending and the Economic Emergency program of 1978, the Farmers Home role has grown beyond its rightful bounds in recent years.

Early this year, for example, Farmers Home was carrying 11 percent of an estimated $177 billion farm debt. This compares with the Farm Credit System's share of 32 percent and the 23 percent share carried by commercial banks. The Farmers Home share of the farm debt--in terms of real estate and production credit--has about tripled over the emergency-inflationary period.

The Farmers Home Administration is now in the middle of a great spring wave of lending under the Disaster Emergency program. Largely because of the 1980 drought and heat wave, we're now serving farmers in more than 2,200 counties of the nation.

By emphasizing the Farmers Home Administration's support role, we'll deflate its soaring expenditures and open a new era of cooperation between Farmers Home and the Farm Credit System.

The Farm Credit Act Amendments of 1980 set this tone.

One provision, for example, authorizes Federal Land Banks to lend a larger amount of the appraised value of farm real estate if a federal agency guarantees the loan. This clearly looks to the Farm Credit System to launch the young beginning farmer.

In the proposed 1982 budget, the administration has asked Congress to increase the Farmers Home Administration's authority to guarantee farm real estate loans from $50 to $125 million. The guarantee may range up to 90 percent of the loan. We hope that Federal Land Banks will be heavy users of this authority.

The 1980 legislation authorizes banks for cooperatives to offer basic financial services to cooperatives for agricultural trade. It also permits banks for cooperatives to engage in international banking that will help

agricultural trade. This administration also stands in support of increased agricultural exports.

The Economic Emergency authority for production credit ends with the 1981 fiscal year. The administration is aware of the difficulties that this, and a scaling-down of the Disaster Emergency program, could pose for family farmers of modest means. We're proposing to cushion the effects by raising the Farmers Home Operating Loan budget from $875 million in 1981 to $1-1/3 billion for 1982.

The people I'm most concerned about today are the farmers caught in the "gap" between those who qualify for commercial financing and those who meet the Farmers Home "test for credit."

Bankers report to us that the amount of commercial money available to farmers is improving. With this improvement in the private sector and your new authorities, we look to you to serve these farmers.

You'll also be helping us to regain our rightful "support" role. And we'll all be contributing to a healthier national economy that's freer of government involvement and more solidly based in private sector independence.

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EXOTIC NEWCASTLE DISEASE FOUND IN NORCO, CALIF.

WASHINGTON, March 20--Exotic Newcastle disease, a highly contagious disease of poultry and other birds, has been found in baby parrots, which were being treated by a private veterinarian in Norco, Calif., a U.S. Department of Agriculture veterinarian said.

John K. Atwell, deputy administrator of USDA's Animal and Plant Health Inspection Service, said state and federal veterinary officials are investigating the outbreak of this foreign disease.

"They are working to determine the source of infection," he said, "and to trace all birds that may have been exposed to the infection."

According to Atwell, both state hold orders and federal quarantines will be applied as necessary to prevent further spread of the infection.

"All birds in infected flocks and aviaries will be destroyed to prevent further production of the disease-causing virus," he said. "Owners will be paid indemnities to help cover their losses. All infected premises will be cleaned and disinfected and kept free of birds to make sure the infection is eliminated."

All birds near infected premises will be evaluated to make sure the infection has not spread, he said.

Although the disease is devastating to poultry and other bird species, exotic Newcastle poses no health risk to people who eat eggs or poultry, Atwell said. However, the virus can cause an eye infection or flu-like symptoms in people handling diseased birds. These are usually minor ailments, but should be treated by a physician.

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HOAGLAND TO HEAD USDA'S FOOD AND NUTRITION SERVICE

WASHINGTON, March 23--Secretary of Agriculture John Block today appointed G. William Hoagland administrator of the U.S.

Department of Agriculture's Food and Nutrition Service, the agency responsible for the federal food stamp and child nutrition programs.

Hoagland previously worked for five years in the Congressional Budget Office's division of human resources and community development. He also headed that office's income security and employment unit, where he handled policy analysis of legislative issues related to domestic food and nutrition policies as well as federal employment programs and income security issues.

Before working for the Congressional Budget Office, Hoagland worked on the Food and Nutrition Service's economic analysis and program evaluation staff in 1974-75. He also served as an associate director for Indiana's comprehensive health planning agency.

Hoagland has dealt with poverty-related nutrition issues since his graduate work in agricultural economics at Pennsylvania State University, where he completed his master's degree in 1972. His thesis work analyzed aspects of rural participation in the food stamp program. Hoagland also holds a B.S. in agricultural economics from Purdue University. His hometown is Covington, Ind., where his family continues to run a small grain and livestock farm.

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FOOT-AND-MOUTH DISEASE CONFIRMED ON ISLE OF JERSEY AND ISLE OF WIGHT

WASHINGTON, March 23--Foot-and-mouth disease, a costly and debilitating disease of cattle, sheep, goats and swine, has been confirmed on the Isle of Jersey and the Isle of Wight, U.S. Department of Agriculture officials said today.

The Isle of Jersey is one of the Channel Islands, off the coast of France, but governed by Great Britain. The Isle of Wight is just off the southern coast of England.

According to John Atwell, deputy administrator of USDA's Animal and Plant Health Inspection Service, type "O" foot-and-mouth disease has been identified in both outbreaks by the Animal Virus Research Institute in Pirbright, England.

Six cows and a bull have been destroyed on the Isle of Jersey, Atwell said. The Isle of Wight outbreak involved a farm with 166 head of cattle. An additional 47 cattle and 354 hogs were exposed to these cattle. All have been destroyed. Necessary sanitary procedures have been carried out to prevent further spread of the disease.

Atwell said an emergency order is being issued removing the Channel Islands and Great Britain (England, Scotland, Wales and the Isle of Man) from the list of countries recognized by USDA as free of foot-and-mouth disease. This will result in a ban on imports of cattle, sheep, goats, swine or their products from these areas.

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WIND DAMAGE IN GREAT PLAINS 34 PERCENT HIGHER THAN A YEAR AGO

WASHINGTON, March 23--Wind damaged 34 percent more acreage in the Great Plains the past four months than during the same period a year earlier.

Norman A. Berg, chief of the U.S. Department of Agriculture's Soil Conservation Service, said wind damaged 4,183,866 acres (1,693,872 hectares) of land in the 10 Great Plains states from November 1980 through February 1981.

This compared with 3,123,710 acres (1,264,659 hectares) reported damaged during the same period the previous year.

South Dakota, with 901,500 wind-damaged acres (364,980 hectares), accounted for 22 percent of the total. The northern plains states were hardest hit with 67 percent of the damaged acreage.

The major contributing factor to wind erosion this season was lack of moisture, Berg said.

Of the total land reported damaged, 94 percent, 3,953,416 acres (1,600,573 hectares), was cropland; 4 percent, 153,535 acres (62,160 hectares), was rangeland; and 2 percent, 77,005 acres (31,176 hectares), was other land.

Current wind erosion damage compared with the same four months a year earlier:

State	Counties Reporting	Nov. 1980-Feb. 1981 Acres	Nov. 1980-Feb. 1981 Hectares	Nov. 1979-Feb. 1980 Acres	Nov. 1979-Feb. 1980 Hectares
Montana	39	889,000	359,919	406,125	164,423
Nebraska.......	22	155,695	63,04	34,135	13,820
North Dakota	53	817,705	331,055	277,750	112,449
South Dakota	67	901,500	364,980	620,948	251,396
Wyoming	23	28,475	11,530	13,830	5,599
Colorado.......	37	102,520	41,506	10,185	4,123
Kansas	105	872,250	353,138	442,140	179,004
New Mexico .	19	64,170	25,980	148,900	60,283
Oklahoma	30	83,545	33,824	180,450	73,057
Texas	147	269,006	108,909	989,247	400,505
TOTALS.......	542	4,183,866	1,693,872	3,123,710	1,264,660

Wind also destroyed crops or cover on 286,257 additional acres (115,893 hectares) of land not damaged. Of this, 60 percent, or 171,360 acres (69,377 hectares), was in the northern plains.

Each year, the Soil Conservation Service compiles wind erosion reports covering seven months--November through May--using data supplied by 542 counties in the Great Plains. The agency will issue the final report in June.

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RAW SUGAR IMPORT FEE TO REMAIN AT ZERO FOR SECOND QUARTER

WASHINGTON, March 25--Secretary of Agriculture John Block today said the import fee on raw sugar for the calendar quarter beginning April 1 will remain unchanged at zero cents per pound.

The fee for refined sugar also is unchanged at 0.52 cents per pound.

The fees, set under a flexible import fee system based on world sugar prices, were reduced to their present level on Oct. 24, 1979, in response to strengthened prices for raw sugar. Since then, prices have remained above the level that would trigger imposition of an actual

charge on raw sugar imports, Block said.

Under the terms of the governing presidential proclamation, the secretary of agriculture is required to determine the import fees for each calendar quarter according to the prescribed formula. One provision is that the fee for refined sugar will be 0.52 cents higher than the raw sugar fee.

Block said the fees will remain in effect during the April-June quarter unless world prices fall to the trigger level, a development which appears very unlikely.

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SCIENTISTS SEEK NEW WAYS TO DETECT GRAIN DESTROYERS

MADISON, Wisc., March 27 --Tiny khapra beetles which occasionally invade the United States and destroy stored grain may be easier to find and eradicate in the future as the result of on-going research.

This past year, 18 infestations of khapra beetles were eradicated or slated for treatment in this country, said an official of the U.S. Department of Agriculture. In the 1950's and 1960's, infestations became so serious it cost $15 million to get rid of the pests.

"The khapra beetle is one of the world's most threatening stored product pests," said Wendell E. Burkholder, entomologist with USDA's Science and Education Administration.

Inspectors of USDA's Animal and Plant Health Inspection Service use a synthetic sex attractant or pheromone to search for adult beetles. To detect the beetles in their destructive larval stage, inspectors now must use vacuuming equipment and visually search for larval cast skins and the distinctive yellowish and reddish brown larvae.

The larvae--under crowded, starving or cold conditions--may hide in building crevices and even behind paint scales for three years or more without food.

Scientists of the USDA and cooperating institutions have learned that wheat germ oil attracts the tiny pest, so they're mixing the oil with the pheromone. Tests, they say, indicate that lures with this mixture

attract both adult beetles and larvae, thus revealing their presence.

Burkholder and his colleagues at the University of Wisconsin at Madison now are studying volatile compounds in wheat germ oil that make it so attractive to the larvae.

"We're exploring the idea of developing synthetic mixtures of compounds that might be more potent attractants than wheat germ oil," Burkholder said. "Octanoic acid, a component of wheat germ oil, and several other compounds already have been identified as promising attractants."

Khapra beetles are sluggish insects that cannot fly. They are spread by shipping and trade. USDA inspectors intercept khapra beetles 150 to 300 times a year on imported cargo as diverse as cereal grains, dried animal skins, burlap bags, baled crepe rubber, steel wire, books, boxes and priceless oil paintings.

Other institutions cooperating in research aimed at developing better khapra beetle detection systems include the College of Environmental Science and Forestry at Syracuse, N.Y., and the Max Planck Institute in Germany.

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USDA PILOT LABEL APPROVAL PROGRAM EXTENDED THROUGH JULY 29

WASHINGTON, March 27--The U.S. Department of Agriculture's pilot program for field approval of some meat and poultry product labels will be extended through July 29.

"The 120-day extension will allow us to gather more experience with the procedures," said Donald L. Houston, administrator of USDA's Food Safety and Quality Service. "It will also allow businesses that have found the program helpful to continue receiving its benefits."

The pilot program began Dec. 1, 1980, he said. It is operating in Missouri, Kentucky, Maryland, Delaware and Washington, D.C. The program was implemented at the recommendation of a USDA task force, to test the feasibility of delegating certain label authority from Washington headquarters to the field.

The Food Safety and Quality Service reviews all labels for meat and poultry products to be sure they are accurate and not misleading before the labels can be used on products sold in commerce, Houston said.

Under the pilot program, some 300 inspectors have the temporary authority to approve final labels if a preliminary or "sketch" label has been approved by the agency's label review office in Washington. The inspectors may also approve certain simple labels such as a label for turkey, which has only one ingredient. The Washington label review office is auditing all labels approved by inspectors.

During the first three months of the pilot program, 73 plants took part, submitting 266 label applications, Houston said. Most applications were returned to plant management the same day. On average, each application required a half-hour or less of the inspector's time. The field inspectors have achieved a high degree of technical accuracy, Houston said.

The pilot program was originally announced in the Oct. 3, 18, Federal Register. Public comments on the 1980 notice and the results of the pilot program will be analyzed to determine if field delegation of certain label approval authority should be proposed on a nationwide basis, Houston said. Such a plan would be open to public comment.

Notice of the pilot program extension will appear in the March 27 Federal Register, which may be found in many local public libraries. Comments will not be requested on the extension notice.

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